

Environmental Justice Coalition for Water



February 6, 2007

Ms. Tracie L. Billington, P.E.
Department of Water Resources
Division of Planning & Local Assistance
P.O. Box 942836
Sacramento CA 94236-0001

Ms. Shahla Farahnak
State Water Resources Control Board
Division of Financial Planning
1001 I St., 16th Floor
Sacramento, CA 95814

Re: Proposed Disbursement of Proposition 50 IRWMP funding to Phase II applicants

Dear Ms. Billington and Ms. Farahnak:

The Environmental Justice Coalition for Water is a statewide coalition of more than 60 community based and non-profit organizations working to ensure that low income and communities of color have access to safe, affordable water resources for all beneficial uses including drinking water, cultural uses, subsistence fishing, and recreation. On behalf of our members I am writing to convey our opposition to the disbursement of the remaining Proposition 50 Integrated Regional Water Management Plan (IRWMP) funds to the rest of the Phase II applicants.

Regional planning has great potential to encourage innovation and to focus attention on some of the State's greatest water-related challenges including the provision of safe and affordable drinking water to all communities, especially disadvantaged communities (DAC). However, the planning and implementation grant processes still require some adjustment to ensure that those with the most need have equitable access to the grant dollars. As it stands, according to the DWR staff presentation at the recent scoping meetings, DACs were not provided equitable access to the planning process as reflected in the Plans submitted by Phase II applicants.

Before additional funds are disbursed it is critical that revisions be made to the scoring criteria and that certain minimum standards are met in each IRWMP and each Implementation grant, especially regarding stakeholder involvement and specifically DAC participation. EJCW would support a re-scoring of current applications where statewide priorities, readiness to proceed, and matching funds are discounted and those points are instead awarded to plans based on stakeholder involvement, and specifically DAC involvement. All remaining plans would need to achieve a minimum, and not inconsequential, score to receive funding. At least one remaining applicant, Plumas County, may then be eligible to receive grant funds in this round. Certain other applicants, such as NCWA, where many stakeholders are now opposing the plan altogether, would not likely be eligible.

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We opposed immediate disbursement for the following reasons:

Disbursement will unfairly limit disadvantaged community and disadvantaged region's access to IRWMP funds and discourage future participation

Disbursement of the remaining Prop 50 IRWMP funds will leave fewer dollars for later rounds of funding thereby restricting access for DACs and disadvantaged regions. As reported by DWR staff at the recent scoping meetings, the Phase II applicants, overall, did not do a very good job engaging DACs, nor do the projects in their implementation grants provide for any targeted benefits for DACs, with the exception of the Plumas County Plan. Proceeding to fund the existing implementation grants means that DACs will receive extremely limited benefits from any of the Prop 50 IRWMP grant dollars. It was already very difficult to engage DACs in the planning process. Disbursing of the remainder of the funds under these conditions will further discourage DACs from future participation.

The current planning and implementation grant process failed to meet statutory requirements for provision of technical assistance

AB 1747 created a requirement that State agencies provide "technical assistance with regard to the preparation of the applications for those loans or grants in a manner that, among other things, addresses the needs of economically disadvantaged communities (§ 79506.7)." Without the proper technical assistance DACs were not able to participate and/or compete in the very cumbersome planning process. Prior to a second round of implementation grants a technical assistance process, including sufficient resources, should be made available to disadvantaged communities and regions to facilitate their participation in the planning, project development, and application phases.

Disbursement will reward regions that rushed to complete plans and implementation grants and penalize those who chose to put more time into the planning process or who did not have the resources to engage in planning

Stakeholder involvement requires a major investment of time and resources. We are aware of several regions that chose to invest more time in the process knowing that they would be able to apply for the second round of implementation grant dollars. It is not fair to the conscientious regions to disburse the funds to those first to the trough regardless of the quality of their plans.

A second Prop 50 implementation grant process provides an opportunity to distribute the remainder of the funds in a manner more consistent with Statute and the guidelines

By refining the scoring criteria and setting some minimum thresholds on key criteria you have the opportunity to ensure that funds are being awarded for projects that embody the highest goals of the IRWMP process. IRWMP was not envisioned to fund existing projects for large water agencies. The rush to distribute funds, and the readiness to proceed criteria, however, have supported that approach and provides a disincentive to those really grappling with key regional issues and looking for innovative and integrated solutions. The increase in the cost of construction is a real concern. However, where that would be of most concern is for projects that will not move forward without IRWMP Implementation grant funding. Many applicants have admitted that most of the projects in their implementation grants have and will proceed regardless of the Implementation grant status.

While we oppose the disbursement of the Prop 50 funds, if you choose to proceed with disbursement we offer the following recommendations.

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Recommendations

1) **Prior to disbursement set some minimum pass/fail criteria and re-score stakeholder involvement.**

You must ensure that every plan funded meets some basic pass/fail criteria, especially as they relate to stakeholder and DAC involvement. Before proceeding it should be clear that these are **minimum** standards and should not be used for scoring purposes, but instead only to meet the pass/fail criteria. At a minimum, each plan should be required to demonstrate:

- A persistent effort to engage DAC community members over the course of the planning process. This means multiple efforts to make contact and engage a variety of DAC community members
- Some basic level of financial investment in outreach to DAC communities demonstrated as a minimum of 1% of the overall funds spent on the planning process.
- Clear identification of DACs
- An effort to develop projects that provide targeted DAC benefits
- At least one project in the implementation grant proposal providing targeted DAC benefits

2) **Remove statewide priorities, readiness to proceed, and matching grant dollars from consideration and re-score applications.**

Before disbursement, it must be clear that every grant being funded meets some minimum quality criteria. When setting those minimum standards statewide priorities, readiness to proceed, and the percent of matching grant dollars must be discounted to provide a fair assessment and comparison for plans with a high proportion of DACs.

3) **Coordinated stakeholder opposition to a plan should result in a failure to fund the implementation grant.**

There is at least one plan remaining in Phase II that has garnered a great deal of stakeholder opposition. Regardless of the Plan's description of the planning process, if funds are to be disbursed without further review, such plans should not be included in the disbursement.

4) **Before additional funds are disbursed a review of remaining projects should assess the actual likelihood that the projects will not proceed without IRWMP funding**

One of the arguments supporting this disbursement is that construction costs will increase between now and the next implementation grant cycle. While this is undoubtedly true, the argument rests on the predication that the projects in each of the remaining implementation grants will not proceed without IRWMP grant funding. In fact, some of the projects are already underway and it seems likely that others will proceed whether IRWMP funds are received or not. Before accepting this argument we strongly advise that you conduct an actual analysis of the projects remaining.

Again, EJCW is opposed to the immediate disbursement of the remaining Prop 50 funds. While we agree that there are some worthy plans which would be funded, there are also some plans that do not meet any minimum standard when it comes to DAC involvement. Until the scoring criteria are revised and re-applied to distinguish between the two we think it would be irresponsible to proceed.

We look forward to continuing our work with you to ensure that those with the most need have access to this critical source of state-based infrastructure funding.

Sincerely,

Debbie Davis, Legislative Analyst